

IN THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE

IN RE:)
)
SENTINEL TRUST COMPANY) No. 4781
)
)

**COMMISSIONER-IN-POSSESSION'S PETITION FOR APPROVAL OF
NOVEMBER BOND PAYMENTS**

The Commissioner of the Tennessee Department of Financial Institutions, as Commissioner-in-possession of Sentinel Trust Company ("Sentinel"), by and through his counsel of record, the Attorney General and Reporter, hereby petitions this Court for approval of payment of the November 2004 interest and/or principal payments as set forth herein.

1. Sentinel Trust Company ("Sentinel") is a Tennessee corporation, located in Hohenwald, Lewis County, Tennessee, engaged in fiduciary activities and subject to regulation by the Commissioner under the Tennessee Banking Act pursuant to Tenn. Code Ann. § 45-1-124.

2. On May 18, 2004, the Commissioner of the Tennessee Department of Financial Institutions ("Commissioner") took emergency possession of Sentinel pursuant to Tenn. Code Ann. §§ 45-2-1502(b)(2) and (c)(1). Subsequently, on June 18, 2004, the Commissioner issued a Notice of Liquidation of Sentinel Trust Company in accordance with the provisions of Tenn. Code Ann. §§ 45-2-1502(c)(2) and 1504.

3. Tenn. Code Ann. § 45-2-1504(a)(3) provides that

[i]n liquidating a state bank, the commissioner may exercise any power of the office of commissioner, but shall not, without the

approval of the court, in which notice of possession has been filed;
... [m]ake any payment on any claim, other than a claim upon an
obligation incurred by the commissioner, before preparing and
filing a schedule of the commissioner's determinations in
accordance with this chapter.

4. Sentinel Trust serves as the registrar and paying and /or escrow agent on approximately 99 municipal bond issues. Eleven of these bond issues have interest and/or principal payments due November 1, 2004. The Commissioner has determined that the entirety of the funding necessary for the November 1 payments is still due from the issuers for all but one of these bonds issues.¹ Assuming that these monies are timely received, then the Commissioner will be able to make the November 1 payments for these municipal bond issues in full without having to use any funds from the pooled fiduciary account.

5. With respect to the one bond issue (Grundy County, TN School bonds, Series 1996 - interest payment of \$283,431.25), the Commissioner has determined that a portion of the funding necessary to make the November 1 interest payment is still due from the issuer.² However, the Commissioner has also determined that there is \$253,327.50 in principal and interest due from a U.S. Treasury SLGS on November 1, 2004, that was held in escrow for the benefit of this bond issue. Assuming that the remaining funds are timely received from the issuer, along with the proceeds from the U.S. Treasury SLGS, the Commissioner will also be able to make the November 1 payments for this municipal bond issue in full without having to use any funds from the pooled fiduciary account.

¹See Schedule of October 1, 2004 bond payments attached hereto and incorporated herein by this reference.

²*Id.*

6. As such, pursuant to Tenn. Code Ann. § 45-2-1504(a)(3), the Commissioner hereby requests this Court's approval to pay the November 1, 2004 payment on these bond issues, as such payments will not require the use of any of the funds in the pooled fiduciary account.

7. Sentinel Trust also serves as the Indenture Trustee on a number of "corporate" bonds. Nine of these bond issues have interest payments due on November 1, 2004. Sentinel's records reflect, as set forth in the attached schedule, that the entirety of the funds are still due from five of these bond issuers.³ With respect to three of the other bond issues, while funds are also still due from the issuers, they have additional funds with Sentinel, deposited after May 18, 2004, available so as to be able to make their November 1 principal and/or interest payment in full.⁴ Accordingly, the Commissioner requests this Court's approval, pursuant to Tenn. Code Ann. § 45-2-1504(a)(3), to make the payments on these bond issues, but only to the extent of the funds either on deposit with Sentinel post-May 18, 2004 and/or received from the issuers.

8. Finally, the Commissioner has determined that there are two corporate bond issues (County of Ashland, OH Multifamily Housing Mortgage Revenue Bonds Series 1999 - principal and interest payment of \$244,759.38 and Gilchrist County, FL First Mortgage Revenue Bonds Series 1999 - interest payment of \$277,493.75), for whom Sentinel purchased U.S. Treasury Bill for these bond issues' debt service reserve accounts. These bills have a maturity date of November 1, 2004. The indentures for both these bond issues provide that the funds in the debt service reserve account "shall" or "may" be used to make principal and interest

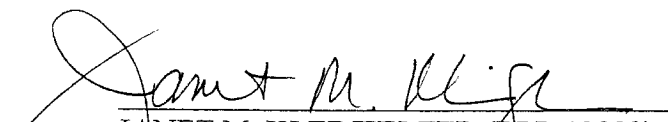
³*Id.*

⁴*Id.*

payments to the extent that the issuer does not provide the funds. Accordingly, in the event that the issuers on these two bond issues do not send in sufficient funds to make their November 1 payments in full, the Commissioner requests approval to use the proceeds of these matured Treasury Bills in the debt service reserve accounts to make the November 1 payments for these bond issues. Such payments will not require the use of any of the funds in the pooled fiduciary account.

Respectfully submitted,

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**THIS MOTION IS SET TO BE HEARD ON THE COURT'S REGULAR
MOTION DOCKET ON MONDAY, OCTOBER 18, 2004 AT 9:00 A.M. IN
HOHENWALD, LEWIS COUNTY, TENNESSEE.**

BOND ISSUES DUE FOR A NOVEMBER 2004 PRINCIPAL, INTEREST AND/OR OPTIONAL REDEMPTION PAYMENT

Bond #	Accrual Balance as of 5-18-2004	Capacity	Next Principal Due	Amount	Next Interest Due	Amount	Total Due	Source of funding
CORPORATE ISSUES								
171	75,190.14	T.R.P/A	11/1/2004	55,000.00	11/1/2004	189,759.38	244,759.38	Due from borrower
County of Ashland, OH Multifamily Housing Mortgage Revenue Bonds, (Ashland Assisted Living, Inc. Project), Series 1999								
164	96.58	T.R.P/A	5/1/2005		11/1/2004	277,493.75	277,493.75	\$55,571.88 on deposit post May 18, 2004, \$221,921.87 due from borrower
Glitchri County, FL First Mortgage Revenue Bonds, (Tri-County Nursing Home Project), Series 1999								
140	89,619.14	T.R.P/A	11/1/2004	120,000.00	11/1/2004	82,223.75	202,223.75	\$94,815.84 on deposit post May 18, 2004 \$107,407.91 due from borrower
The Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson County, TN Multifamily Housing Revenue Bonds (Skyview Apartments Project), Series 1998								
121	784.06		5/1/2005		11/1/2004	144,306.25	144,306.25	Due from borrower
The County Commission of Raleigh Co., WV, Multifamily Housing Mortgage Revenue Bonds, (Beckley Health Partners, Ltd. Project), Series 1998 A and B								
210	73,355.91		5/1/2005		11/1/2004	307,637.50	307,637.50	Due from borrower
The County Commission of Raleigh Co., WV Multifamily Housing Mortgage Revenue Bonds, (Beckley Health Partners, Ltd. Project), Series 2002 A and B								
45	45,516.25		11/1/2004	90,000.00	11/1/2004	211,475.00	301,475.00	\$218,359.35 on deposit post May 18, 2004, \$83,115.65 due from borrower
The Health, Educational and Housing Facility Board of the County of Roane, TN, First Mortgage Revenue Bonds, Series 1988 A and B								
165	0.00		5/1/2005		11/1/2004	303,700.00	303,700.00	Due from borrower
Stephens Co., GA Development Authority First Mortgage Revenue Bonds (Toccoa Falls College Project), Series 1999								
44	346.40		5/1/2004		11/1/2004	93,712.50	93,712.50	Due from borrower
The Health, Educational and Housing Facilities Board of the County of Sumner, TN First Mortgage Revenue Refunding Bonds (Hendersonville Retirement Village, Ltd. Project), Series 1989 A and B								
69	-3,874.60		11/1/2004	455,000.00	11/1/2004	417,637.50	872,637.50	Due from borrower
Wallon Co., FL First Mortgage Revenue Refunding Bonds (Sea Side Retirement, Inc. Project), Series 1996 A, B and C								
9	284,908.48	TOTAL CORPORATE ISSUES		720,000.00		2,027,945.63	2,747,945.63	

BOND ISSUES DUE FOR A NOVEMBER 2004 PRINCIPAL, INTEREST AND/OR OPTIONAL REDEMPTION PAYMENT

Number	Bond #	Account	Capacity	Next	Amount	Next	Amount	Total	Source
Issues		Balance as of 3-18-2004		Principal Due		Interest Due		Due	of Funding
MUNICIPAL ISSUES									
1	187	149,352.50	Carroll County, TN Electric System Revenue Bonds, Series 2001	R.P/A	5/1/2005	11/1/2004	37,290.00	37,290.00	Municipality
2	62	0.00	Grundy Co., TN School Bonds, Series 1996	R.P/A/E/A	5/1/2005	11/1/2004	283,431.25	283,431.25	\$253,327.50 in principal and interest on US Treasury SLGS due 11-1-2004 held in Escrow (a) \$30,103.75 due from Municipality
3	142	0.00	Grundy Co., TN General Obligation Public Improvement Bonds, Series 1998	R.P/A	5/1/2005	11/1/2004	31,546.25	31,546.25	Municipality
4	150	0.00	Grundy Co., TN School Refunding Bonds, Series 1999	R.P/A	5/1/2005	11/1/2004	219,833.75	219,833.75	Municipality
5	219	0.00	Lawrence Co., TN School Refunding Bonds, Series 2003	R.P/A	5/1/2005	11/1/2004	146,353.50	146,353.50	Municipality
6	220	0.00	Lewis Co., TN School Refunding Bonds, Series 2003	R.P/A	5/1/2005	11/1/2004	32,997.50	32,997.50	Municipality
7	197	0.00	Marshall Co., TN General Obligation Refunding Capital Outlay Notes, Series 2001	R.P/A	5/1/2005	11/1/2004	16,703.75	16,703.75	Municipality
8	202	-1,270.34	City of McKenzie, TN General Obligation Refunding Bonds, Series 2002	R.P/A	11/1/2004	11/1/2004	16,540.00	46,540.00	Municipality
9	222	-250.00	City of Munford, TN Water and Sewer Revenue and Tax Refunding Bonds, Series 2003	R.P/A	5/1/2005	11/1/2004	5,075.00	5,075.00	municipality
10	170	-250.00	Town of Pegram, TN Sewer Revenue and Tax Bonds, Series 1999	R.P/A	11/1/2004	11/1/2004	23,822.50	48,822.50	Municipality
11	209	0.00	Wayne County, TN General Obligation Capital Outlay Notes, Series 2002	R.P/A	11/1/2004	11/1/2004	8,738.75	228,738.75	Municipality
11		149,352.50	TOTAL MUNICIPAL ISSUES				275,000.00	822,332.25	1,097,332.25

BOND ISSUES DUE FOR A NOVEMBER 2004 PRINCIPAL, INTEREST AND/OR OPTIONAL REDEMPTION PAYMENT

SUMMARY

284,908.48	Reported in SunTrust Pooled Fund on 5-18-2004 for Corporate Issues.
0.00	Funds from maturity of fiduciary assets to pay November 2004 Corporate debt service.
369,747.07	Funds on deposit post May 18, 2004 to pay November 1, 2004 Corporate debt service.
2,378,198.56	Funds Due from Debtor and due to be paid November 1, 2004 for Corporate debt service.
2,747,945.63	Total due to be paid November 1, 2004 for Corporate Issues.
149,633.38	Reported in SunTrust Pooled Fund on 5-18-2004 for Municipal Issues.
253,327.50	Funds from maturity of and/or interest on fiduciary assets to pay November 2004 Municipal debt service (a)
0.00	Funds on deposit post May 18, 2004 to pay November 1, 2004 Municipal debt service.
844,004.75	Amount Due from Debtor to pay November 1, 2004 Municipal debt service.
1,097,332.25	Total due to be paid November 1, 2004 for Municipal debt service.

3,845,277.88 TOTAL DUE TO BE PAID NOVEMBER 1, 2004 FOR CORPORATE AND MUNICIPAL DEBT SERVICE

0.00 Mandatory and/or Optional Redemptions

CODE: T = TRUSTEE R = REGISTRAR P/A = PAYING AGENT E/A = ESCROW AGENT